



# **Florida Accountancy Laws and Rules Examination 2004**



## **Form A**

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### **TEST BOOKLET**

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1. Ben White wants to file an anonymous, written complaint against Stephen Rouse regarding a violation of the laws and rules of the Florida Board of Accountancy. The Department of Business and Professional Regulation may pursue the complaint if
- a. Ben signs the written complaint and has it notarized.
  - b. Ben includes his CPA license number in lieu of his signature.
  - c. Ben requests anonymity from Mr. Rouse, but reveals his identity to the Board.
  - d. Ben's complaint is in writing and is legally sufficient, showing that the alleged violation is substantial, and the Department has reason to believe it is true.

**References: 455.225(1)(a), F.S.**

2. Which of these statements is TRUE regarding a cease and desist order?
- a. A cease and desist order may ONLY be issued to licensed accountants.
  - b. A cease and desist order represents an agency action for which a hearing may be sought.
  - c. The Department of Business and Professional Regulation may file a proceeding in the name of the state seeking an injunction against any person NOT licensed who violates a cease and desist order.
  - d. The Department of Business and Professional Regulation may issue a cease and desist order to an individual offender, but may NOT hold an employer accountable for its employees' actions.

**References: 455.228(1), F.S.**

3. The MAXIMUM administrative penalty that the Board may impose, per incident, on an unlicensed professional who violates a provision of the accounting profession's rules and regulations is
- a. \$ 2,500.
  - b. \$ 5,000.
  - c. \$ 7,500.
  - d. \$10,000.

**References: 455.228(1), F.S.**

4. The practice of public accounting does NOT include
- a. preparing an employer's financial statements.
  - b. expressing an opinion on financial statements.
  - c. providing accounting consulting services for a private company.
  - d. providing an expert opinion on the fairness of financial information to be presented.

**References: 473.302(7)(c), F.S.**

5. A portion of funds for scholarships for the CPA Education Minority Assistance Program for Florida residents are acquired through
- a. state tax allocations.
  - b. private endowments.
  - c. existing license fees.
  - d. AICPA contributions.

**References: 473.3065(2), F.S.**

6. A MINIMUM eligibility criterion for receipt of a CPA Education Minority Assistance Program scholarship is
- a. FICPA membership.
  - b. AICPA associate membership.
  - c. public accounting work experience.
  - d. scholastic ability and performance.

**References: 473.3065(3)(a) 3., F.S.**

7. Carla Singleton, a sole proprietor, seeks to practice public accounting within the State of Florida. Before she can practice, Carla MUST
- a. pass the CPA exam.
  - b. file an application with the FICPA.
  - c. complete 400 hours of practice in public accounting.
  - d. incorporate her business and act as the sole shareholder.

**References: 473.308(2), F.S. and 473.3101(1), F.S.**

8. During the past two years prior to filing an application for renewal, Hanna Jackson had completed 40 hours of continuing education. When Hanna applies for her license renewal, the Board will MOST likely
- a. send Hanna a cease and desist order.
  - b. suspend Hanna's license for six months.
  - c. renew Hanna's license for a conditional two-year period.
  - d. require Hanna to complete additional continuing education hours.

**References: 473.312(1), F.S.**

9. Jacob Taylor holds an inactive CPA license. To reactivate his license, Jacob MUST pay fees, complete required continuing education hours, and
- a. pass a Board-approved Laws and Rules Examination.
  - b. file a petition for reinstatement with the FICPA.
  - c. wait out a 60-day period of mandatory inactivity.
  - d. complete a new license application and submit it to the Board.

**References: 473.313(3), F.S.**

10. When the Board finds Lily guilty of practicing with a suspended license, the MOST likely penalty imposed via the Board's Final Order will be
- a. imposition of a \$10,000 administrative fine.
  - b. restriction of the authorized scope of Lily's practice.
  - c. revocation of her license.
  - d. petition for reinstatement with the Board.

**References: 473.322(1)(f), F.S., 473.323(1)(i), F.S., 473.323(3), F.S., and 61H1-36.004(2)(j), F.A.C.**

11. Carrie Bergman, CPA, may accept contingency fees from Baker Instruments, Inc.,
- a. in forecasting future earnings of the company.
  - b. in reviewing financial statements of the business.
  - c. for filing a claim on behalf of the company in securing a federal tax refund.
  - d. in representing Baker in an on-going tax audit.

**References: 61H1-21.005(2), F.A.C. and 473.319, F.S.**

12. Ann Brady, CPA, currently holds an inactive license. If Ann wants to reengage in the practice of public accounting in Florida, she MUST
- a. re-take the CPA exam.
  - b. pay a \$2,000 administrative fee.
  - c. apply for reactivation with the Board.
  - d. petition the FICPA to re-activate her license.

**References: 61H1-33.006(1), F.A.C.**

13. Roy Brown, CPA, holds an active CPA license. His license expires on June 30, 2004. If Roy fails to complete the appropriate CPE hours on a timely basis, what will be the date of the automatic extension he will receive to complete the required CPE hours (including additional penalty hours)?
- a. July 31, 2004
  - b. August 15, 2004
  - c. September 15, 2004
  - d. December 31, 2004

**References: 61H1-33.003(1)(b), F.A.C.**

14. Martin Hanes holds an active CPA license. His license expires on June 30, 2004. If on November 2, 2004, Martin realizes he has forgotten to complete his forms for reestablishment, in addition to the CPE required on June 30th, 2004, how many additional CPE hours will Martin need to complete by December 1, 2004, to reestablish his license?
- a. 8
  - b. 16
  - c. 24
  - d. 32

**References: 61H1-33.003(1)(b), F.A.C.**

15. Mary Tomlinson was engaged by Acme Corporation to prepare Acme's 2003 income tax return. Prior to issuing the tax return to Acme, Mary withdrew from the engagement. Regarding the return of records or documents to the client, Mary
- a. is NOT required to return any records or documents.
  - b. Is ONLY required to return documents received from the client.
  - c. Is required to return any work papers reconciling the tax return to the client's records.
  - d. MUST return the client's records, but ONLY after all outstanding invoices have been paid.

**References: 61H1-23.002(1), F.A.C.**

16. Will Davis became ill during the period of time he was attempting to renew his inactive CPA license. Assuming his efforts were in good faith, the MOST likely TRUE statement is that the
- a. Board will NOT reinstate the license.
  - b. license may be reinstated at the discretion of the Board.
  - c. license will be AUTOMATICALLY reinstated if proof of illness is provided.
  - d. Board will reinstate the license, provided the application was made within 120 days of becoming inactive.

**References: 473.313(4), F.S.**

17. Bob Kiel, a CPA, places the following advertisement in the newspaper:

“Bob Kiel, Income Tax Specialist. Former IRS auditor. Over 20 years of tax and audit experience for individual and corporate clients. Call (800) 555-6179.”

This advertisement MUST also

- a. contain the State of Florida seal.
- b. include Bob's CPA license number.
- c. indicate that “Income Tax Specialist” is a self-designation.
- d. mention that the State of Florida regulates CPA licensure.

**References: 61H1-24.001(1)(g), F.A.C.**

18. A CPA authors a textbook on the subject of personal tax planning, which would be considered advertising if the
- a. author serves as a faculty member in an educational institution.
  - b. author provides testimonies of his prior experience with the IRS.
  - c. textbook contains offers to perform services.
  - d. textbook is sold through professional CPA associations.

**References: 61H1-24.001(2)(b), F.A.C.**

19. Robin Dwyer earned an accounting degree from an accredited university, but some of the courses used to qualify him as an accounting major were taken at a two-year, non-accredited institution. For the purpose of obtaining a CPA license, the Board will ACCEPT courses
- a. relating to lower division general business.
  - b. equivalent to those from another accredited university.
  - c. included on his official transcript from the accredited university.
  - d. supplemented with course work in the same subject matter at the accredited university.

**References: 61H1-27.001(4), F.A.C.**

20. Carl Leveers, a partner in Able & Leever, CPA, recently passed away. The firm
- a. MUST change its name to Able & Associates.
  - b. MUST change its name within one year from Leveers' date of death.
  - c. MAY continue practicing as Able & Leever.
  - d. MAY continue to practice as Able & Leever, but MUST clearly indicate that Leever is a deceased partner.

**References: 61H1-26.001, F.A.C.**

21. Which of these cases is NOT considered a minor violation in complying with the requirement for providing written notification to the Board within 30 days?
- a. formation of a Florida partnership, personal service corporation, or limited-liability corporation
  - b. retirement or death of a Florida partner, shareholder, or member of a limited-liability corporation
  - c. termination of a Florida partnership, personal service corporation, or limited-liability corporation
  - d. admission or addition of a Florida partner, shareholder, or member of a limited-liability corporation

**References: 61H1-36.0055(2)(f), F.A.C.**

22. Chris Jefferson, CPA, is auditing the financial statements of Oasis Corporation. Which of these documents, used to perform the audit, would be considered the property of Oasis Corporation?
- a. review notes related to the Oasis audit
  - b. receipts verifying fixed asset purchases
  - c. summary of adjustments on passed work papers
  - d. accounts payable confirmation documents

**References: 473.318, F.S.**

23. Starr and Associates receives \$20,000 from Jorgenson CPAs. It is a violation of Florida law if the amount represents
- a. a referral fee for an audit client.
  - b. the purchase of Starr and Associates' audit practice.
  - c. Starr and Associates' portion of a joint service audit engagement with Jorgenson.
  - d. a commission on the sale of a client after full written disclosure was made to the client regarding the commission.

**References: 473.3205, F.S.**



24. Which of these is NOT a requirement if ABC Partnership were to engage in the practice of public accounting in the State of Florida?
- a. The partnership MUST be of a form recognized under Florida Law.
  - b. At least one general partner MUST be a Florida CPA and hold an active license.
  - c. All non-CPA partners MUST be engaged in the business as their principal occupation.
  - d. Partners owning at least 50% of the financial interest and voting rights MUST be Florida CPAs.

**References: 473.309, F.S.**

25. The Florida law governing Accountancy General Standards does NOT include
- a. timeliness.
  - b. due professional care.
  - c. professional competence.
  - d. planning and supervision.

**References: 61H1-22.001, F.A.C.**

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